The Un on Budget for 2003-04 has proposed a number of initiatives such as promoting infrastructure development by leveraging public money through private sector participation, promoting private investment and measures aimed at fiscal consolidation. These initiatives are expected to have a positive influence on the growth of the economy.

New Rating System for Securities by GIC

4094. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the General Insurance Corporation (GIC) will devise an all new rating system for securities in consultation with Asian reinsurance companies of China, Japan. Korea etc;

(b) if so, the details thereof; and

(c) the reasons for having the new rating system and the problems being faced in the existing system?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANAND RAO VTTHOBA ADSUL): (a) and (b) As a follow up of the decisions taken in the third Summit of the Asian Reinsurers held in Mumbai in February, 2003, a Committee consisting of representatives from Japan. China, Korea. Malaysia and India was constituted by the Asian Reinsurers to examine their rating system. GIC on its own will not devise any new rating system.

(c) Most of the Asian Reinsurers including that from India are rated as "BB^{M} (Marginal) by Standard & Poor's (S&P) as it does not give companies a rating higher than the sovereign rating. Since India has been rated "BB" by S&P, General Insurance Corporation of India (GIC) has also been downgraded to BB (Marginal). Similar is theposition of other Reinsurers in Asia. To overcome this problem and to increase the retention of business within Asian region. It was felt necessary by the Asian Reinsurers to explore the possibility of devising an "Asian Rating". This will result in utilizing the full capacity of the Asian Reinsurers and in optimum retention of business within the region.